Merger of small steel PSUs with SAIL

639. SHRI MANOJ BHATTACHARYA:
SHRI C. RAMACHANDRAIAH:

Will the Minister of STEEL be pleased to state:

(a) whether Government are considering a proposal for the merger of Small Steel Public Sector Enterprises with Steel Authority of India Limited;

(b) if so, the details thereof;

(c) whether related issues pertaining to the proposal have been adequately considered and all affected interests have been consulted in the matter; and

(d) if so, the details thereof and if not, the reasons therefor?

THE MINISTER OF STEEL (SHRI RAM VILAS PASWAN): (a) There is no formal proposal at present for merger of any Small Steel Public Sector Enterprise with Steel Authority of India Limited.

(b) to (d) Do not arise in view of (a) above.

Rising Steel Price

640. SHRI JANARDHANA POOJARY: Will the Minister of STEEL be pleased to state:

(a) whether it is a fact that there has been a sharp rise in the price of steel.

(b) if so, the details in this regard, with comparative figures for the last three years;

(c) whether it is also a fact that this price rise is the cause for rising manufacturing cost of motor vehicles;

(d) if so, the details in this regard, with particular reference to the impact of steel price rise on small scale industries dependent on steel; and

(e) the measures initiated to provide relief to the SSIs?

THE MINISTER OF STEEL (SHRI RAM VILAS PASWAN): (a) Yes Sir, The international as well as domestic steel prices began to gradually strengthen since the beginning of 2003 with a global resurgence of the steel sector. However, again in consonance with the global trend, the steel prices in the domestic market have declined considerably since May, 2005.

(b) The quarter wise details of Steel prices at Mumbai market from April 2003 onwards, of a representative category of steel items, is given in the Statement (*See* below).

(c) and (d) As a direct input, steel accounts for about 5% of the raw material cost in both commercial and passenger vehicles. Therefore, price of steel, as such, is only a marginal factor in the manufacturing cost of a motor vehicle. However, the rise in price of auto components, which are also manufactured in the small-scale sector and have significant iron and steel content, has a larger impact on the manufacturing cost of motor vehicle. But changes in steel prices are not automatically adjusted to the price of components since supply of components to the automobile sector is contract based. The fabrication industry is another sector in the small-scale category that is dependent on steel and vulnerable to rise in steel prices mainly because this sector does not enjoy MODVAT facility.

(e) In a liberalised environment the Government does not intervene directly in the market to influence prices. The market forces determine the prices. However, during the last two years the Government, through its policy initiatives, has taken several steps to ensure availability of steel, especially to the small sector and stabilise the price in the domestic market. The automobile industry imports large quantities of steel. The government removed the requirement of mandatory certification of imported steel materials by the Bureau of Indian Standards to ease the supply of these inputs to downstream processors by providing them an option of unimpeded import. Further, the customs duty on steel has been brought down significantly. The steel plants in the public sector have been advised to keep a check on prices and accord due priority to domestic demand. Priority allocations of iron and steel materials for the SSI sector have also been substantially increased.

Statement

Trend of market prices of select steel items at Mumbai

(Rs./Tonne)

	2003			2004				2005				
	April	July	October	January	April	July	October	January	April	May	June	July
Pig Iron (LM Gr. IV)	11800	11600	13300	16500	21500	19500	18500	19000	20200	19500	18300	17500
TOR/TOT (10mm)	NA	19800	19300	22500	28000	28000	28200	28250	30500	30500	30000	27750
Wire Rods (8mm)	18200	19600	20700	22100	24800	26600	27000	26000	29200	28600	27800	26650
Rounds (16 mm)	NA	18600	20000	21700	24000	26000	28000	28000	30000	29900	28500	27250
Plates (12 mm)	23000	21100	23100	27750	31000	30750	32250	32625	36125	34500	30500	29500
HR Coil (2.5 mm)	NA	22250	23200	27750	30500	30650	32000	33625	36750	34500	30500	28500
CR Coil (0.63 mm)	26500	27500	27750	31000	34000	33250	35500	36750	41000	40000	34500	34000
GP Sheets (0.63 mm)	31000	30000	29750	32000	36000	34250	38000	38500	41000	40000	39000	38000
Pencil Ingot/ Billets (100 mm)	NA	16500	16500	18200	23000	23350	22300	22750	26200	21600	21000	18600

(Source: ERU/JPC)

NOTE: *(i) Prices are inclusive of Excise Duty and Sales Tax.*
(ii) All prices are indicative.